

Name: _____

County: _____

Date: _____

ADVANCED APPRAISAL SELF-STUDY TRAINING SESSION
REVIEW QUESTIONS

1. The definition of the appraisal problem comprises four sub-steps.
☐ True
☐ False

2. Identification of a property refers to a precise description of the property's physical location and boundaries. This can be specified by: [Mark all that apply]
☐ Street address.
☐ Legal description.
☐ Assessor's parcel number.
☐ All of the above.

3. The value standard in property tax appraisal is market value, and it is the market that determines the appraisal unit.
☐ True
☐ False

4. Several factors may indicate that multiple parcels should be considered a single appraisal unit. These factors include: [Mark all that apply]
☐ The functional and economic integration of the parcels.
☐ The attainment of highest and best use when the parcels are analyzed as a single unit.
☐ Contiguity.
☐ Fractional ownership.
☐ Current or prior combined sales of the parcels.
☐ All of the above.

5. In the absence of an actual transaction or other market evidence, the appraisal unit should be the unit most likely to be sold if the property were exposed to the open market.
- ☐ True
- ☐ False
6. The "principle of unit valuation" is used by the Board of Equalization when appraising properties, such as utilities and railroads, pursuant to article XII, section 19, of the California Constitution.
- ☐ True
- ☐ False
7. Specifically, Rule 461(e) explicitly states that for the purpose of determining declines in value, "fixtures and other machinery and equipment classified as improvements constitute a _____ appraisal unit."
8. When appraising an apartment building, the appraisal unit typically contains land, improvement, and personal property.
- ☐ True
- ☐ False
9. The fundamental rights associated with the private ownership of property are: [Mark all that apply]
- ☐ Rights to possession.
- ☐ Control.
- ☐ Enjoyment.
- ☐ Disposition.
- ☐ All of the above.
10. Estimates of real property value are made under a number of circumstances. These include:
- a. _____
- b. _____
- c. _____
- d. _____

11. The rationale for the use of the cost approach is based on the economic principle of anticipation.
- ☐ True
- ☐ False
12. _____authorizes an assessor to use a cost approach that is based on either reproduction cost or replacement cost.
13. Cost guides provide costs of benchmark properties. Adjustments may be required for differences between the benchmark properties and the _____ property.
14. The most difficult aspect of the cost approach is estimating _____.
15. Appraisers analyze three generally recognized types, or causes, of depreciation: physical deterioration; functional obsolescence; and external, or economic, obsolescence.
- ☐ True
- ☐ False
16. Functional obsolescence (sometimes called economic obsolescence) is a loss in value caused by negative influences outside of the subject property that are generally beyond the control of the subject property owner or tenant.
- ☐ True
- ☐ False

17. Match the following life concepts.

1	Economic life
2	Useful life
3	Remaining economic life
4	Remaining useful life

	The estimated period of time from the valuation date that an improvement or a component thereof can be expected to continue to contribute to a property's value.
	The period of time over which an improvement or a component thereof actually performs the function it was designed to perform.
	The estimated period of time from the actual age of an improvement or a component thereof to the end to the improvement's or the component's useful life expectancy.
	The period of time over which an improvement or a component thereof contributes to the property's value from the time it is new.

18. What are the four methods of estimating depreciation?

1. _____
2. _____
3. _____
4. _____

19. The comparative sales approach is the most reliable method of valuing land.

- ☐ True
- ☐ False

20. The comparative sales approach to value requires analysis, comparison, and _____ of comparable sales to provide an indication of value for the subject site.

21. In the comparative sales approach, the standards for comparison should be those of the market in which the subject and comparable properties compete; that is, the adjustments to the comparable sales prices should be market-derived.

- ☐ True
- ☐ False

22. In practice, the cost approach is the primary approach for valuing single-family residential properties, smaller multi-residential properties, and smaller commercial and industrial properties.
- ☐ True
- ☐ False
23. Comparable sales must be sufficiently comparable in terms of _____, physical characteristics (e.g., utility, size, age, quality, condition, amenities) and _____ (zoning and other enforceable government restrictions) so as to "shed light" on the value of the subject property.
24. There is a strict rule in appraisal regarding the number of comparable sales required.
- ☐ True
- ☐ False
25. The types of differences for which adjustments are often required are referred to as _____.
26. Property rights appraised are those legally associated with the comparable property.
- ☐ True
- ☐ False
27. A cash equivalent adjustment may be required for sales involving: [Mark all that apply]
- ☐ Assumed loans or new loans (i.e., promissory notes) that reflect non-market, or atypical, financing terms.
- ☐ Seller-paid loan points paid to a third party (e.g., an institutional lender) as part of the buyer's financing.
- ☐ Tangible or intangible property other than cash that the seller accepted as full or partial consideration for the property.
- ☐ Improvements financed under 1911, 1913, and 1915 Bond Acts.
- ☐ All of the above
28. Seller's points may be paid as part of government guaranteed or insured loan programs. One point equals two percent of the loan amount.
- ☐ True
- ☐ False

29. Non-cash items accepted by the seller as all or part of the consideration for the property must also be converted to cash equivalence.

- ☐ True
☐ False

30. When a difference in sales prices between two or more otherwise comparable properties is clearly attributable to an improvement bond, the presumption cannot be overcome and a sale price adjustment should not be made.

- ☐ True
☐ False

31. Non-real property items include: [Mark all that apply]

- ☐ Financial assets (e.g., cash, stocks, bonds).
☐ Tangible personal property.
☐ Tangible assets and rights.
☐ All of the above
☐ None of the above

32. What are the two distinct concepts in highest and best use?

1. _____
2. _____

33. Land or site value should always be based on the highest and best use as though vacant.

- ☐ True
☐ False

34. An adjustment for location is required when the locational characteristics of a comparable property differ from that of the subject property.

- ☐ True
☐ False

35. An adjustment for location can be estimated using the _____ technique.

36. Locational characteristics can be classified as either variables, which can be reduced to a unit basis or attributes, which are qualitative in nature.

- ☐ True
☐ False

37. Economic characteristics include all property attributes that affect its income stream. Significant economic characteristics include the following:

a. _____

b. _____

c. _____

d. _____

38. Cost indicators such as an estimate of replacement or reproduction cost less estimated _____, an estimate of cost to cure, an estimate of deferred maintenance, etc., are used as the basis for adjustments in cost analysis.

39. Adjustments for property rights and interests, cash equivalence, and non-real property items are made, typically, in terms of _____.

40. In reconciliation, the appraiser reviews and summarizes the data and analyses that resulted in each of the value indicators.

☐ True

☐ False

41. All income capitalization methods and techniques are attempts to convert expected future benefits into an estimate of present value.

☐ True

☐ False

42. The three fundamental assumptions of the income approach are that:

1. _____

2. _____

3. _____

43. The income from land is generally considered to be perpetual.

☐ True

☐ False

44. The _____ refers to the fact that a dollar today is worth more than a dollar in the future.

45. _____ is the process of going from a value in the future to today's value; that is, from future value to present value.
46. The present value of \$1 per period is used to calculate the present value of an _____.
47. The annual loan constant is the ratio of the annual loan payment to the principal amount of the loan.
- ☐ True
- ☐ False
48. The economic reward is the return of capital, which is the amount an investor receives for the use of his or her capital until it is recovered.
- ☐ True
- ☐ False
49. The minimum, or _____ rate is the lowest yield rate that would be acceptable given no requirement for management effort, perfect liquidity, and no risk.
50. Financial leverage is the use of borrowed funds when financing an asset.
- ☐ True
- ☐ False

51. Match the following.

1	Overall capitalization rate
2	Equity capitalization rate
3	Mortgage capitalization rate

	It represents the relationship between a single year's debt service to the principal amount of the loan.
	It represents the relationship between a single year's pre-tax cash flow and the value of the equity interest in a property.
	It represents the relationship between a single year's total property net income and total property value.

52. A yield rate is a rate of return on capital.
- ☐ True
- ☐ False

53. The most commonly used income multiplier is the _____.
54. Name the two primary income capitalization methods.
1. _____
 2. _____
55. Vacancy and collection loss is an annual allowance for the reduction in potential gross income due to vacancy, tenant turnover, and nonpayment of rent.
- ☐ True
- ☐ False
56. Management expenses include expenses to manage or operate the investment entity or any non-property-related personal expenses of the owner.
- ☐ True
- ☐ False
57. When estimating the income to be capitalized, *ad valorem* property taxes should not be deducted as an expense because to do so assumes that the value of the subject property is already known.
- ☐ True
- ☐ False
58. Direct capitalization requires no assumptions regarding the pattern of income, change in value of the property, investment holding period, or the return on and return of the investment.
- ☐ True
- ☐ False
59. The sales from which discount rates are derived must meet the requirements of an open market transaction and cash equivalency as set forth in section 110(b).
- ☐ True
- ☐ False
60. The band of investment can also be used to derive an overall yield rate.
- ☐ True
- ☐ False

61. The process of resolving the difference among value indicators is called reconciliation.
- ☐ True
- ☐ False
62. Criteria for analyzing value indicators and reconciling them to arrive at a final estimate of value include:
1. _____
2. _____
3. _____
63. The number and type of adjustments made to comparable properties within an approach should also affect the appraiser's confidence in the approach.
- ☐ True
- ☐ False
64. In general, more accuracy should be attributed to comparable properties requiring larger adjustments.
- ☐ True
- ☐ False
65. The final value estimate is an appraiser's opinion of value.
- ☐ True
- ☐ False
66. The Board adopted Rule 468 to provide the practical guidelines for the statutory definitions of newly constructed and new construction.
- ☐ True
- ☐ False
67. Alterations to land which do not constitute a _____ or which do not result in a change in the way the property is used shall not result in reappraisal.
68. An addition results in a change in the base year or base value of the pre-existing portion of a property.
- ☐ True
- ☐ False

69. Under Rule 463(b)(2), an alteration qualifies as new construction when it either:

1. _____
2. _____

70. There are five basic use types: agricultural, residential, commercial, industrial, and recreational.

☐ True

☐ False

71. Match the following Use and Sub-Uses.

1	Agricultural
2	Residential
3	Industrial
4	Commercial
5	Recreational

	Time Share
	Rinks
	Cocktail lounges
	Processing
	Undeveloped land

72. Modernization implies curing functional obsolescence and physical deterioration to the degree that the structure or fixture is "substantially equivalent to new" after the modernization has been completed.

☐ True

☐ False

73. Like rehabilitation, _____ involves curing items of physical deterioration.

74. _____ is the action of continuing, carrying on, preserving, or retaining something.
75. Replacements made as part of normal maintenance are not excluded from the meaning of new construction.
- ☐ True
- ☐ False
76. What Revenue and Taxation code sections provide for the exclusion of construction activity designed to make a property more accessible to, or more usable by, a disabled person?
1. _____
2. _____
77. Commencement of construction shall be determined solely on the basis of activities which occur and are apparent on the property undergoing new construction.
- ☐ True
- ☐ False
78. On each lien date, construction in progress is assessed at market value, until the construction is complete and the property is available for use.
- ☐ True
- ☐ False
79. _____ means that the property, or portion thereof, has been inspected and approved for occupancy by the appropriate governmental official or, in the absence of such inspection and approval procedures, when the prime contractor has fulfilled all of the contractual obligations.
80. One method of discovery assessors use to discover new construction activity is examination of aerial photographs.
- ☐ True
- ☐ False
81. By obtaining copies of use permits from the county health department, an assessor's office may discover new construction resulting from a _____.

82. Assuming adequate data and proper application of each approach to value, no single approach to value should be precluded from consideration during the appraisal of new construction.

☐ True

☐ False

83. What two elements of the comparable sales approach may affect its validity when appraising new construction?

1. _____

2. _____

84. When using reproduction cost to appraise new construction, appraisers should distinguish between _____ properties and _____ designs for which there might be a market.

85. Cost of construction may or may not equal value.

☐ True

☐ False

86. The assessment of a single property cannot contain multiple base year values.

☐ True

☐ False

87. Impact fees, certain development fees, and off-site improvements may reflect non-assessable enhancements of land value, rather than assessable new construction.

☐ True

☐ False

88. Improvements related to business property include improvements reported on Schedule A of the Business Property Statement and other improvements owned by or made for a business.

☐ True

☐ False

89. No classification between structure and fixture is required for State assessed leasehold improvements.
- ☐ True
- ☐ False
90. A structure may be defined as an edifice or building.
- ☐ True
- ☐ False
91. Intent is the primary test of classification.
- ☐ True
- ☐ False
92. Property tax law requires that _____ value be shown separately from _____ value and _____ value on the assessment roll.
93. Rule 461(e) provides that fixtures, and other machinery and equipment classified as improvements, are a separate appraisal unit when measuring a decline in value.
- ☐ True
- ☐ False
94. If an entire property containing land, structures, and fixtures is valued as a single appraisal unit upon a change in ownership or new construction, the fixtures included in the unit are not subject to supplemental assessment.
- ☐ True
- ☐ False
95. In the context of fixtures, rehabilitation, renovation, or modernization of a fixture that converts the fixture to the substantial equivalent of new is new construction.
- ☐ True
- ☐ False
96. Improvements installed by a tenant, but left at a vacant rental space are called _____ leasehold improvements.
97. Improvements related to business property may be constructed and paid for by either the _____ or the _____ and in either case are assessable to either party.

98. Internal procedures in assessors' offices should be designed to ensure that all landlord improvements and leasehold improvements are:

1. _____
2. _____
3. _____
4. _____

99. A generally accepted method for valuing property interests of rate base regulated utilities, whether centrally or locally assessed, is by use of the historical cost approach.

☐ True

☐ False

100. Advances for construction represent money expended by a customer or customers in order to receive service.

☐ True

☐ False